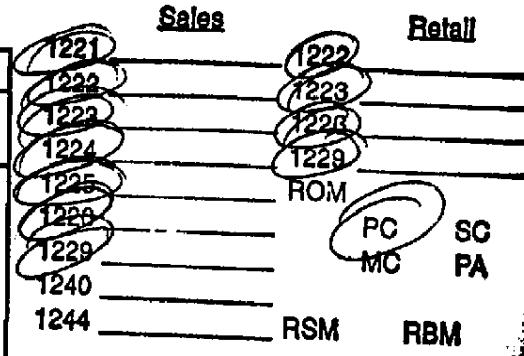


FSC-65-A	3/27/97	
SUBJECT: Private Label Program Enhancement		
DISTRIBUTION:		
X AVP	X KAM	DM
X RSM	X AM	RM
X RBM	X AE	Sales Rep
X ROM		Retail Rep



(Please disseminate to all Field Sales personnel with Forsyth Private Label Accounts.)

Forsyth Tobacco Products is pleased to announce the following enhancement to its Private Label Program. Effective with Private Label product orders placed and shipped to our Direct Accounts April 1, 1997, or after, Forsyth Tobacco Products will, until further notice, add \$.20 per contracted Private Label carton purchased to your contracted accounts alliance accrual fund.

While Forsyth will automatically add the \$.20 per carton to our partners' accrual funds, it is your responsibility to contact and explain this enhancement to them. There is also another option you should discuss with them. You and your account may agree to increase the off invoice amount by \$.20 per carton to a maximum of \$2.50 per carton. If you do this, the accounts alliance accrual will stop receiving the extra \$.20 with the effective date of the new off invoice. Some accounts may need the maximum off invoice while others do not.

Advantages of Maximum Off Invoice

- Higher off invoice allows for a lower selling price in all accounts everyday.
- Increases account's cash flow due to reduced cost/not having to wait until month's end for accrual credit.

Disadvantages of Maximum Off Invoice

- Some accounts may pass all off invoice along to every customer, whether or not the competitive situation dictates.
- By maximizing off invoice, the account accrues \$.20 less per carton to run periodic promotions to spike sales volume.
- Max off invoice gives the account less accrual dollars to use selectively to meet competitive activity in certain accounts in the marketplace.

Discuss the above points with your contracted accounts prior to making a decision to maximize the off invoice allowance. If the decision is made to change the off invoice amount, fill out the attached form and return it to Customer Services. You should give Customer Services personnel at least one week to affect this change.

Program Contact: Your Region Business Manager
Your Area Manager of Operations

51843 3776

R. J. REYNOLDS TOBACCO COMPANY

Attachment

Forsyth Tobacco Products

Pricing Restructure Agreement
(Submit Only If Changing Off Invoice)

Effective with shipments beginning _____, 1997, I hereby
authorize Forsyth Tobacco Products to increase my per carton Off-Invoice
amount or the equivalent thereof on _____ to:
\$ _____ (\$2.50 max) Private Label Brand

Account Name: _____
(Please Print)

Customer Service Number: 999 _____

Authorized Account Signature: _____

RJR Representative Name: _____
(Please Print)

Division Number: _____

RJR Representative Fax: _____
(Customer Services will use to notify you of confirmed start date)

FAX TO: 1-910-741-2156
ATTENTION: Forsyth Tobacco Customer Services

To Be Filled In By Customer Services Confirming Effective O/I Change Date

Confirmed Effective Ship Date

Customer Services Rep _____ Ext. # _____

51843 3777